DF Deutsche Forfait AG

Interim Consolidated Financial Statements

for the period 1 January - 30 June 2017

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1. FUNDAMENTALS OF DF GROUP

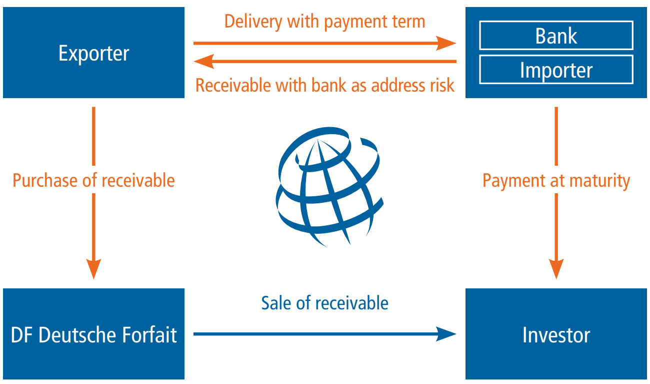
a. Business model of the Group

DF Group is a specialist for foreign trade finance and related services for exporters, importers and other financial service providers such as banks and forfaiting companies, with a focus on emerging markets. Within this market segment, the main focus currently lies on financing foreign trade with Middle East countries, especially with Iran.

Forfaiting is a classical export financing instrument. In the forfaiting business, foreign trade receivables (hereinafter briefly also referred to as „**receivables**“) are acquired at a discount from the nominal value. This discount on the market value is calculated on the basis of the money and capital market interest rate for the equivalent term and at matching exchange rates (e.g. 6-month or 1-year LIBOR or 2-year swap rate) plus risk margin. The margin takes the individual risk of each transaction into account, which mainly depends on country and counterparty risks of the primary debtor (importer) and the secondary debtor (e.g. credit insurance, guaranteeing bank). The margin is additionally influenced by the complexity of the transaction including the documentation.

DF Group acquires foreign trade receivables either directly from the exporter or importer (primary market) or from banks or other forfaiting companies (secondary market) which have previously acquired the receivables from an exporter or importer. The receivables are resold to investors, usually banks.

Classical Forfaiting



Apart from forfaiting, DF Group takes over risks from its customers under purchase commitments. Unlike forfaiting, purchase commitments only involve the assumption of country and counterparty risks without providing liquidity. Purchase commitments are either kept in the portfolio or secured by bank guarantees, third-party counter-guarantees or credit insurance in favor of DF Group, which means that the risks are outplaced.

DF Group can also purchase lease and loan receivables, which are usually sold or hedged by purchase commitments of third parties.

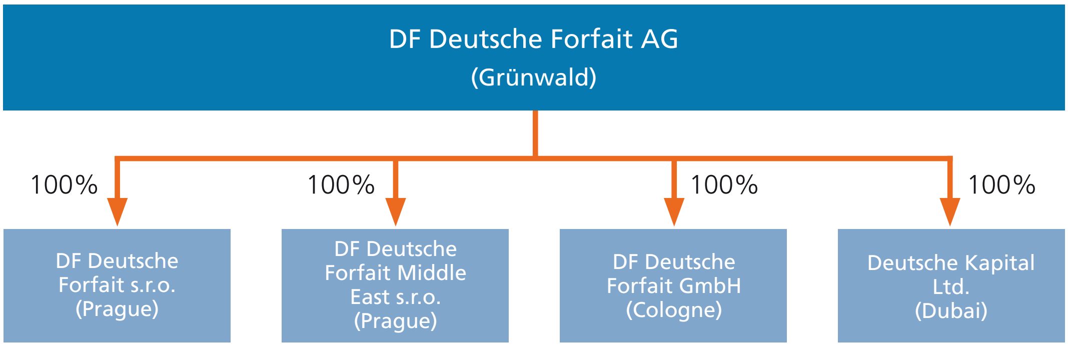
As the third component of its product and service portfolio, DF Group offers its customers services that build on its specific knowledge of developing and emerging countries. In contrast to the forfaiting business and the purchase commitments, DF Group assumes no credit risk whatsoever in this product segment. Hereinafter referred to as „commission business", these services include, for instance, (i) the collection of foreign trade receivables and (ii) the brokerage business. In the latter case, DF Group arranges forfaiting trans- actions or purchase commitments between buyers and sellers without making liquidity available and/or assuming any risks.

In addition, DF Group plans to set up and/or cooperate with trade finance funds in which purchased receivables are to be pooled and offered to institutional investors. Through an investment in the trade finance fund, they can participate in the performance of the foreign trade receivables pooled in the trade finance fund.

b. Structure of DF Group

DF Deutsche Forfait AG („**DF AG**" or „**company**") headquartered in Grünwald near Munich is the holding company and ultimate parent of DF Group. Four operating subsidiaries – DF Deutsche Forfait GmbH in Cologne („DF GmbH"), DF Deutsche Forfait s.r.o. in Prague („DF s.r.o."), DF Deutsche Forfait Middle East s.r.o. in Prague („DF ME") and Deutsche Kapital Limited in Dubai („DKL") – sit below DF AG. DF Group additionally comprises a subsidiary in Brazil (Florianopolis). The subsidiary in Pakistan (Lahore, inactive) is in the process of being closed.

Main companies



Besides the operations taken over from DF AG, DF GmbH provides services to other DF Group entities. These include, among other things, accounting, contract management, sales and risk management.

The subsidiaries in Prague are involved in back office tasks for individual transactions, e.g. the granting of loans, the purchase and sale of receivables or debt collection activities, when required, and just like DF GmbH, manage their own trading book for this purpose. The foreign subsidiaries and offices as well as the intermediaries focus, however, on marketing and sales activities.

In addition to this international network of subsidiaries and branches, DF Group cooperates with external intermediaries.

2. ECONOMIC REPORT

a) Macroeconomic and industry-related environment

In its latest forecast of July 2017, the International Monetary Fund (IMF) again confirmed the good growth prospects of the world economy, projecting global economic growth of 3.5% for the full year 2017. The upturn is primarily supported by the renewed decline in the oil price over the past six months, which is reflected in good prospects for both the industrialized countries (+2.0%) and the emerging and developing countries (+4.6%). The IMF projects growth rates of 1.9% for the eurozone and of 2.1% for the USA. Growing by 6.7% and 7.2%, respectively, China and India were the main growth drivers among the emerging and developing countries. By contrast, a combined GDP growth rate of only 1.0% is forecast for Latin America and the Caribbean, while the economies in the Middle East (including North Africa) are expected to expand by 2.6%. A particularly strong increase in the gross domestic product is projected for Iran, whose non-oil sector is expected to grow by 3.5%.

According to the IMF's July 2017 forecast, the global trade volume will grow by 4.0% in the full year. This breaks down into a projected growth rate of 3.9% for the industrialized countries and 4.1% for the developing countries.

b) Business performance

i. Results of operation

In H1 2017, DF Group generated a consolidated net loss of EUR 1.2 million. This result is clearly below the consolidated net income of EUR 34.2 million generated in the same period of the previous year from 1 January 2016 to 30 June 2016 („H1 2016"), which was primarily based on the income of EUR 41.6 million resulting from the creditors' debt waiver in the context of the insolvency plan.

The gross result improved from EUR -2.0 million in H1 2016 to EUR 1.0 in H1 2017. The positive gross result of EUR 1.0 million resulted from commission income of EUR 0.5 million under the trust agreement and from the write-up of two receivables from the restructuring portfolio in the amount of EUR 2.5 million. By contrast, exchange losses of EUR 1.2 million and fair value adjustments of EUR 0.8 million had a negative effect.

At EUR 1.2 million (previous year[1]: EUR 3.4 million), the business volume clearly fell short of the company's expectations and failed to cover at least part of the operating expenses. The low business volume was essentially due to the fact that business with Iran was much slower than projected. This was attributable to both external and internal factors; for instance, the Iranian central bank loosened the restrictions regarding deferred payment letters of credit only after the Iranian New Year in March. Moreover, uncertainty about the outcome of the elections in May led to restraint on the part of exporters and importers. Besides these external factors, we had to cope with the absence of Dr. Manzouri, Director of Sales, and with the fact that the processing of the insolvency plan put a strain on our internal resources.

Other operating income amounted to EUR 0.3 million in the first half of 2017 (previous year: EUR 44.3 million) and essentially comprised claims for the reimbursement of legal expenses not to be borne by DF Group.

Administrative expenses, which are composed of personnel expenses, depreciation/amortization and other operating expenses, totaled EUR 2.8 million in the first half of 2017 (previous year: EUR 7.2 million). Personnel expenses declined from EUR 1.5 million in the first half of 2016 to EUR 1.1 million in the first half of 2017.

Other operating expenses amounted to EUR 1.6 million compared to EUR 5.7 million in the same period of the previous year, which was still adversely impacted by the costs of the insolvency proceedings. Other operating expenses were primarily influenced by legal and consulting expenses in the amount of EUR 0.8 million, of which EUR 0.4 million related to legal expenses incurred in conjunction with the creditor assets. The counter-items for these expenses are partly included in other operating income or were directly deducted from the creditor assets. The remaining legal and consulting expenses include accounting and audit expenses of EUR 0.1 million, tax consulting expenses of EUR 0.1 million as well as general legal and consulting expenses of EUR 0.1 million. Other operating expenses were additionally influenced by the costs of the Annual General Meeting including the preparation of the Annual Report in the amount of EUR 0.1 million and the fair value adjustment of the creditor assets in the amount of EUR 0.1 million. At the bottom line, the result for the first half of 2017 is not satisfactory and fell short of expectations because of the weak new business.

[1] „Previous year“ refers to the comparative period from 1 January to 30 June 2016

ii. Financial position

Operating cash flow amounted to EUR 4.7 million in the first half of 2017, compared to EUR -5.7 million in the same period of the previous year. The positive operating cash flow is primarily attributable to the increase in trade accounts payable. These are primarily payments received before the balance sheet date, which have to be passed on after the balance sheet date in accordance with a debt collection agreement. Adjusted for this effect, operating cash flow stood at EUR -1.9 million. Cash flow from investing activities of EUR -0.1 million relates to investments in a payment system and a SWIFT connection.

DF Group's equity capital amounted to EUR 8.8 million as of 30 June 2017, compared to EUR 9.9 million on 31 December 2016. As of the balance sheet date, the creditor liabilities amounted to EUR 19.5 million, compared to EUR 18.2 million on 31 December 2016. These liabilities are equivalent to the fair value of the creditor assets.

DF Group had no credit lines as of the reporting date 30 June 2017. Taking into account the planned new business, the proceeds from the cash capital increase and the capital increase against contributions in kind are sufficient to fund the operations.

iii. Net assets position

As of 30 June 2017, DF Group's total assets stood at EUR 37.6 million. At EUR 19.5 million, the creditor assets represented most of these assets. Compared to 31 December 2016, the creditor assets increased by EUR 1.3 million. The change is essentially attributable to the first statement presented by the trustee as well as to a settlement agreement signed with an investor. In consultation with the trustee and the advisory council, the company agreed with a former investor that it will take back receivables in the nominal amount of approx. EUR 14.2 million which it had previously sold to the investor. These receivables have been added to the creditor assets at their fair value. At the same time, the investor will file a EUR 13.2 million receivable from DF AG for inclusion in the insolvency table; this claim will be accepted and added to the creditor liabilities in accordance with the insolvency ratio. The settlement agreement helped to prevent the investor from bringing forward a court action to formally quantify and acknowledge his claim, which would probably have resulted in a much higher receivables amount being filed for the insolvency table. In addition, high litigation costs were avoided.

Non-current assets amounted to EUR 1.5 million as of the balance sheet date and included deferred taxes of EUR 1.1 million as the main item. As of 30 June 2017, DF Group's cash and cash equivalents totaled EUR 14.8 million, compared to EUR 10.2 million on 31 December 2016. Of this total, an amount of EUR 6.6 million relates to payments received under a debt collection agreement, which were passed on after the balance sheet date.

c) DF share and bond

Performance of the DF share in the first half of 2017

The DF share opened the year at EUR 1.76 on 2 January 2017 and closed at EUR 0.93 on 30 June 2017, which represents a decline of 47.2%. Benchmark indices such as the SDAX or the DAXsector Financial Services, the sector index for financial shares, gained 12.5% and 14.2%, respectively, during the period from 1 January 2017 to 30 June 2017. The negative performance of the DF share is essentially attributable to the prevailing uncertainty about the company's future. The highest share price was quoted on 3 January 2017 at EUR 2.01. Thereafter, the share declined continuously and hit a low in mid-June (19, 21 and 22 June) when it closed at EUR 0.91.

Performance of the DF bond in the first half of 2017

The price of the DF bond depends much on the fulfillment ratio for the bondholders that has been laid down in the insolvency plan and is actually achievable. The DF bond opened the year at 25.15% on 2 January and reached its highest level on 16 January at 27.00%. During the first six months, the bond showed a negative trend and closed at a low of 11.00% on 30 June, which represents a negative performance of 56.3%.

3. OPPORTUNITY AND RISK MANAGEMENT REPORT

A detailed presentation of the risks and opportunities is provided in the Group management report as of 31 December 2016.

a) Summary risk assessment

The assessment of individual operational risks of DF Group is based on two criteria, i.e. the potential amount of damage and the probability of occurrence of a risk. The potential amount of damage weighted by its probability of occurrence is set in relation to DF Group's equity capital in order to assess the consequences of a potential damage. This way, DF Group's going concern risks are identified. At the same time, the probability of occurrence of a potential risk is determined/estimated. The purpose of risk assessment and risk management is to take adequate measures in order to (i) limit the absolute amount of each individual going concern risk; (ii) reduce the probability of occurrence of the individual going concern risk and the probability of several going concern risks occurring at the same time; and (iii) reduce the total number of going concern risks. Now that the insolvency plan has become final, the risks arising for DF Group from the receivables portfolio are much lower in absolute terms than in the previous years, as the legal effectiveness of the insolvency plan means that DF Group is now detached from the opportunities and risks of its past business activity and no material new business has been written so far.

b) Going concern risk

With the insolvency proceedings having been terminated, a **going concern risk** for DF Group arises if DF Group is unable, within the next one and a half years, to achieve a business volume that is sufficient to cover DF Group's operating expenses. To achieve this, DF Group must not only have sufficient refinancing capacities but also write sufficient new business, find the corresponding buyers for these transactions on the buyer side and execute the transactions at a margin that is risk-adequate at the bottom line (on average). These objectives may be missed – fully or partly – if DF Group is no longer accepted in the market because of its reduced market presence in the past three years and the insolvency proceedings or does not have the refinancing resources that are required to execute the new business it has written or if cooperation with the Iranian Saman Bank fails to generate the expected business volume. In the extreme case, this may even lead to individual or all companies of DF Group becoming unable to meet their payment obligations.

Based on the company's plans and budgets for the financial years from 2017 to 2018, the Board of Management is of the opinion that DF Group will generate a sufficient business volume to cover its operating costs during the planning period and will return to profitability. Due to the low new business generated in the first half of 2017, uncertainty about when and if this goal will be reached has rather increased. Nevertheless, at the time of the preparation of the interim consolidated financial statements and this interim management report, there are a number of promising business leads, which make the closing of attractive deals mostly likely. According to the Board of Management, it is therefore safe to assume that DF Group will continue as a going concern.

4. FORECAST

According to the latest expectations of the IMF experts of July 2017, the positive global economic trend will continue beyond the year 2017. The IMF projects growth rates of 3.5% and 3.6% for 2017 and 2018, respectively. Compared to its January 2017 forecast, the IMF expects somewhat lower growth of 1.9% for the industrialized countries in 2018. This is primarily due to the reduced expectations for the USA, for which a growth rate of only 2.1% is projected for next year. By contrast, the IMG moderately upgraded its 2018 forecast for the eurozone countries to 1.7%. The projected 2018 growth rate for the emerging and developing countries remained unchanged at 4.8%. Compared to the January forecast, growth expectations for the Middle East were downgraded a notch to 3.3%.

As far as trade volumes are concerned, the IMF experts assume that growth will stabilize, projecting a global growth rate of 3.9%. This breaks down into 3.5% growth for the industrialized countries and 4.6% for the emerging and developing countries. The IMF forecast remains subject to a number of financial and political factors, some of which are difficult to predict. Now that the international economic sanctions have been lifted, the IMF experts also expect increased foreign direct investment and improved domestic financing conditions for Iran, which will lead to higher trade volumes also in the non-oil sector.

On balance, DF Group continues to believe that the future market conditions are positive. Continued economic growth in the emerging countries and a growing middle class make the company optimistic that trade volumes can be expected to increase also in the medium to long term, which is particularly true for the Middle East.

DF Group intends to use its trade finance expertise as well as its existing network to benefit from these developments and to act as a reliable partner to the import and export sectors.

In June and July 2017, the first deals were closed which show that our strategy of placing a geographic focus on the Near and Middle East, a market-oriented product portfolio and the cooperation with our cooperation partner is paying off. Nevertheless, business is much slower than expected due to the internal and external reasons outlined under „Results of operation". Against the background of the company's performance in the first half of 2017, the outlook for the full year 2017 remains subject to great uncertainty and continues to be dependent on a number of preconditions being met. Based on the current business performance, this uncertainty has rather increased. As a trading company, our company's result greatly depends on opportunities for the successful completion of transactions whose occurrence cannot be reliably predicted. These primarily include several major infrastructure projects, which are characterized by long lead times but also by high potential income. We nevertheless remain optimistic that we will be able to grow our business volume considerably. Although we continue to project a clearly positive gross result from our operations, the probability that this gross result will be sufficient to generate a balanced Group result already in 2017 has declined further.

Grünwald, 28 August 2017

The Board of Management

FINANCIAL FIGURES FOR THE PERIOD OF:
1 JANUARY - 30 JUNE 2017

Assets (in EUR)	Note	30-06-2017	31-12-2016
Long-term assets			
Intangible assets		167,954.73	112,748.42
Tangible assets		119,939.69	150,092.33
Long-term financial assets		82,000.32	83,635.56
Deferred taxes	(11)	1,137,106.00	803,456.00
		1,507,000.74	1,149,932.31
Short-term assets			
Creditor assets	(16)	19,470,638.42	18,209,745.76
Trade accounts and other receivables	(12)	1,032,288.11	0.00
Income tax receivables		65,793.41	63,787.05
Other short-term assets		682,965.89	1,261,804.65
Cash and cash equivalents	(13)	14,845,744.70	10,157,768.87
		36,097,430.53	29,693,106.33
Total assets		37,604,431.27	30,843,038.64

Equity and Liabilities (in EUR)	Note	30-06-2017	31-12-2016
Equity	(14)		
Subscribed capital		11,887,483.00	11,887,483.00
Costs of the capital increase		-623,481.04	-623,481.04
Revenue reserves		-2,309,911.02	-1,141,474.17
Adjustment item from currency translation		-162,122.04	-209,319.61
		8,791,968.90	9,913,208.18
Short-term liabilities			
Creditor liabilities	(16)	19,470,638.42	18,209,745.76
Liabilities to banks		4,366.74	0.00
Income tax liabilities	(11)	350,000.00	350,000.00
Trade accounts and other payables	(15)	7,598,010.66	902,085.92
Other short-term liabilities		1,389,446.55	1,467,998.78
		28,812,462.37	20,929,830.46
Total equity and liabilities		37,604,431.27	30,843,038.64

Consolidated Income Statement (in EUR)	**Note**	**01-01 – 30-06-2017**	**01-01 – 30-06-2016**
Typical forfaiting income	(5)		
a) Forfaiting income		2,501,931.93	824,074.24
b) Commission income		467,290.77	110,467.96
c) Income from additional interest charged		0.00	23,938.54
d) Exchange profits		1,242,343.67	1,906,798.21
e) Income from the writing back of provisions for forfaiting and purchase commitments		0.00	198,450.00
		4,211,566.37	**3,063,728.95**
Typical forfaiting expenditure	(6)		
a) Expenditure from forfaiting		784,604.19	2,775,208.60
b) Commissions paid		10,512.38	57,760.66
c) Exchange losses		2,419,610.17	1,723,308.45
d) Depreciation and value adjustments on receivables as well as additions to provisions for forfaiting and purchase commitments		0.00	548,995.33
		3,214,726.74	**5,105,273.04**
Gross result	(7)	**996,839.63**	**-2,041,544.09**
Other operating income	(8)	274,284.82	44,323,457.45
Personnel expenses			
a) Wages and salaries		956,670.83	1,307,294.94
b) Social security contributions and expenditure for pensions and social welfare		150,320.86	148,626.64
		1,106,991.69	**1,455,921.58**
Depreciation on tangible and intangible assets		45,726.00	48,430.57
Other operating expenditure	(9)	1,641,756.21	5,693,160.33
Interest income	(10)	23,601.03	125,508.59
Interest paid	(10)	2,338.43	969,236.93
Profit before Income tax		**-1,502,086.85**	**34,240,672.54**
Income tax	(11)		
Deferred taxes		-333,650.00	0.00
Consolidated loss/income		**-1,168,436.85**	**34,240,672.54**
Average number of shares		11,887,483	680,000
Undiluted earnings per share		-0.10	50.35
Diluted earnings per share		-0.10	50.35

Consolidated Statement of Comprehensive Income (in EUR)	**01-01 – 30-06-2017**	**01-01 – 30-06-2016**
Consolidated loss/income	**-1,168,436.85**	**34,240,672.54**
Other Income		
Components, which can be reclassified to the income statement in the future		
Currency translation differences from the inclusion of foreign subsidiaries	47,197.57	-17,429.47
	47,197.57	-17,429.47
Comprehensive Income	**-1,121,239.28**	**34,223,243.07**

	Consolidated Cash flow Statement (in EUR)	01-01 – 30-06-2017	01-01 – 30-06-2016
	Cash flow		
	Consolidated loss/income	-1,168,436.85	34,240,672.54
+	Depreciation on intangible assets and property, plant and equipment	45,726.00	48,430.57
+	Income tax expense	-333,650.00	0.00
+	Interest paid	2,338.43	969,236.93
-	Interest income	-23,601.03	-125,508.59
+/-	Result from disposal of long-term assets	0.00	-115.00
+/-	Other transactions not affecting payments	357,250.00	-889,558.17
+/-	Changes in creditor assets	-1,260,892.66	-28,019,588.21
+/-	Changes to trade accounts receivable	-1,032,288.11	32,002,522.33
+/-	Changes to other assets	244,822.30	-77,800.57
+/-	Changes to provisions	0.00	-198,450.00
+/-	Changes in the bond	0.00	-29,110,441.83
+/-	Changes in creditor liabilities	1,260,892.66	28,019,588.21
-	Changes in financial liabilities (waiver)	0.00	-38,171,950.21
+/-	Changes to trade accounts payable	6,695,924.74	-2,954,421.10
+/-	Chances to other liabilities	-78,552.23	-1,481,173.88
=	**Operative cash flow**	**4,709,533.25**	**-5,748,556.98**
-	Paid interest	-2,338.43	-79,678.76
+	Retained interest	1.03	125,508.59
=	**Cash flow from current business**	**4,707,195.85**	**-5,702,727.15**
-	Payments for investments in long-term assets	-71,225.00	-718.64
+	Income from investments in long-term assets	0.00	34,302.23
=	**Cash flow from investment activity**	**-71,225.00**	**33,583.59**
+/-	Changes to financial liabilities	4,366.74	0.00
+/-	Capital market transactions	0.00	0.00
+/-	Other changes in equity	0.00	-553,844.04
=	**Cash flow from financing activity**	**4,366.74**	**-553,844.04**
	Changes in financial resources affecting payments	4,640,337.59	-6,222,987.60
+	Liquid funds at the start of the period	10,157,768.87	7,636,561.53
+/-	Effects from the currency conversion	47,638.24	-16,980.80
=	**Liquid funds at the end of the period**	**14,845,744.70**	**1,396,593.13**
-	Balances pledged	0.00	-1,157,585.20
=	**Free liquid funds at the end of the period**	**14,845,744.70**	**239,007.93**

Consolidated Statement of Equity Changes **01-01-2017 – 30-06-2017** **(in EUR)**	**Note**	**Subscribed capital**	**Deposits earmarked for the capital increase**	**Capital reserves**	**Costs of the capital increase**	**Revenue reserves**	**Difference from currency conversion[1]**	**Total**
Balance 01-01-2016		**6,800,000.00**		**7,359,044.50**		**(46,066,266.05)**	**(240,747.05)**	**(32,147,968.60)**
Capital reduction		(6,120,000.00)		(7,359,044.50)		13,479,044.50		-
Capital increase			11,207,483.00		(553,844.04)			10,653,638.96
Consolidated profit						34,240,672.54		34,240,672.54
Other result							(17,429.47)	(17,429.47)
Consolidated total result						34,240,672.54	(17,429.47)	34,223,243.07
Balance 30-06-2016		**680,000.00**	**11,207,483.00**	**-**	**(553,844.04)**	**1,653,450.99**	**(258,176.52)**	**12,728,913.43**
Balance 01-01-2017		**11,887,483.00**	**-**	**-**	**(623,481.04)**	**(1,141,474.17)**	**(209,319.61)**	**9,913,208.18**
Consolidated profit						(1,168,436.85)		(1,168,436.85)
Other result							47,197.57	47,197.57
Consolidated total result						(1,168,436.85)	47,197.57	(1,121,239.28)
Balance 30-06-2017		**11,887,483.00**	**-**	**-**	**(623,481.04)**	**(2,309,911.02)**	**(162,122.04)**	**8,791,968.90**

[1] Other Comprehensive Income (OCI)

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD FROM 1 JANUARY TO 30 JUNE 2017

I. POLICIES

(1) General information

DF Deutsche Forfait AG (also referred to as „DF AG" or „the company") is the parent company of DF Group (also referred to as „Group") and has the legal status of a joint stock company. The company's address is Hirtenweg 14, 82031 Grünwald. It is registered at Munich Local Court (Germany, „Amtsgericht") under HRB 228114.

DF AG is a forfaiting company and, as such, is a financial enterprise within the definition of Section 1 (3) No. 2 of the German Banking Act (KWG).

Insolvency proceedings with DF AG as debtor-in-possession were opened as planned on 1 January 2016. An insolvency plan adopted on 29 April 2016 became final on 20 May 2016. The insolvency plan provided for a capital increase as well as for the separation of DF Group's future forfaiting business from the assets that are earmarked for distribution to the old creditors. After the creditors approved the insolvency plan submitted by the company and an investor undertook to take over new shares after a capital reduction, the insolvency proceedings were terminated on 1 July 2016. The short financial year 2016 I thus comprised the period from 1 January 2016 to 1 July 2016.

The interim consolidated financial statements of DF AG (also „DF Group" or „Group") as of 30 June 2017 were prepared on the basis of the applicable International Financial Reporting Standards (IFRS) for interim reporting as endorsed by the EU. The interim financial statements were generally prepared on the basis of the same accounting and valuation policies on which the previous consolidated financial statements for the period ended 31 December 2016 were based. The term „IFRS" also includes the prevailing International Accounting Standards (IAS). All the binding interpretations of the International Financial Reporting Interpretations Committee (IFRIC) for the first half of 2017 have also been applied. The standards and interpretations that became effective as of 1 January 2017 had no material impact on the Group's net assets, financial position and results of operation.

The functional currency of the Group is the euro. All figures are presented in thousands of euros (kEUR) unless otherwise stated.

To make the presentation clearer, assets and liabilities have been grouped into „creditor assets" and „creditor liabilities" in the context of the insolvency plan as of the consolidated financial statements for the period ended 1 July 2016. These items are shown separately in the consolidated financial statements and described in the consolidated notes. The income statement is prepared according to the total expenditure method. In the consolidated income statement, income and expenses are grouped by category and income and expense totals are presented to reflect the particular characteristics of a forfaiting company.

(2) Amendments to the standards made by the IASB

Application of new standards and interpretations not affecting the interim consolidated financial statements for the period ended 30 June 2017.

Amendments to IAS 12 „Income Taxes"

The amendments clarify the recognition and measurement of deferred tax assets with regard to debt instruments recognized at fair value. The amendments are effective for annual periods beginning on or after 1 January 2017. EU endorsement is still pending. The amendments will have a negligible effect on the presentation of the Group's net assets, financial position and results of operation.

Annual Improvements to IFRSs „2014 – 2016 Cycle"

The Annual Improvements essentially relate to clarifications of previously published standards which have no material impact on the Group's net assets, financial position and results of operation. These provisions are applicable for reporting periods beginning on or after 1 January 2017 (IFRS 12) or 1 January 2018 (IFRS 1 and IAS 28).

Amendments to IAS 7 „Statement of Cash Flows"

In January 2016, the IASB published the amendments to IAS 7 „Statements of Cash Flows". The following changes in liabilities arising from financing activities must be disclosed in the future: (1) changes from financing cash flows; (2) changes arising from obtaining or losing control of subsidiaries or other businesses; (3) the effect of changes in foreign exchange rates; (4) changes in fair values; and (5) other changes. The amendments are effective for annual periods beginning on or after 1 January 2017. EU endorsement is still pending. Except for the changed disclosures in the notes, no material impact on the consolidated financial statements is expected.

Standards, interpretations and amendments that have been issued but not been applied yet

DF Group will apply the revised and new standards and interpretations as of the date at which they become effective, provided that they have been endorsed by the European Union.

IFRS 2 „Share-based Payment"

The accounting for share-based payments according to IFRS 2 was amended by the IASB in the reporting period. New accounting rules were introduced for cash-settled share-based payments, which are generally accounted for in the same way as equity-settled payments. Under the new standard, a share-based payment where the entity settles the share-based payment arrangement net is classified as equity-settled if further conditions are met. The amendments are mandatory as of 1 January 2018. Adoption into European law is still outstanding. From today's point of view, these amendments are not expected to have any effect on the Group.

Amendments to IFRS 4 „Insurance Contracts" in conjunction with IFRS 9

The IASB has decided to reconcile the different dates at which IFRS 4 and IFRS 9 become effective for entities holding insurance contracts. Other entities which fall under the scope of application of IFRS 4 may recognize value fluctuations of certain assets in other comprehensive income instead of the income statement. The amendments are mandatory for financial years commencing on or after 1 January 2018. No facts relating to the scope of application of both standards are relevant for DF Group.

IFRS 9 „Financial Instruments"

The IASB issued the final version of the standard in the context of the completion of the different phases of its comprehensive project on financial instruments on 24 July 2014. Financial instruments are therefore no longer accounted for under IAS 39 but under IFRS 9. The version of IFRS 9 now issued supersedes all previous versions. The new standard includes requirements for the classification and measurement of financial assets, including impairment regulations, and complements the new hedge accounting regulations issued in 2013. Impairments of financial instruments are now based on expected credit defaults and hedge accounting more strongly reflects the risk management activities. First-time adoption is mandatory for financial years beginning on or after 1 January 2018; early adoption is permissible. The Group assumes that the future adoption of the new standard will influence the presentation of the Group's net assets, financial position and results of operation. Especially with regard to the impairment of financial assets including a material financing component, the new standard is expected to result in an earlier recognition and slightly higher provisions. The effects of this amendment cannot be reliably quantified at present.

IFRS 15 „Revenues from Contracts with Customers"

The objective of IFRS 15 is to establish the principles that an entity shall apply to report useful information to users of financial statements about the nature, amount, timing, and uncertainty of revenue and cash flows arising from a contract with a customer. These principles are implemented in five steps: (1) identify the contract with a customer; (2) identify the performance obligations in the contract; (3) determine the transaction price; (4) allocate the transaction price to the performance obligations; and (5) recognize revenue at a certain time or over a certain period when (or as) the entity satisfies a performance obligation. IFRS 15 applies to all contracts with customers except for: (1) leases within the scope of IAS 17; (2) financial instruments and other contractual rights or obligations within the scope of IFRS 9, IFRS 10, IFRS 11, IAS 27 and IAS 28 (2011); (3) insurance contracts within the scope of IFRS 4; and (4) non-monetary exchanges between entities in the same line of business to facilitate sales to customers or potential customers. If no other standard provides guidance on how to separate and/or initially measure one or more parts of the contract, then IFRS 15 shall be applied. Within the typical forfaiting income, there may be shifts in the times and amounts between DF Group's forfaiting and commission income. The future capitalization and distribution of sales commissions over the estimated duration of the customer contract will reduce the corresponding expenses at the time of first-time adoption. The Group nevertheless assumes that the effects of the new standard on the presentation of the net assets, financial position and results of operation will not be material. With the exception of the amendments to IFRS 15, the new regulations were endorsed by the EU in the reporting period and are mandatory for annual periods beginning on or after 1 January 2018. Early adoption is permissible.

IFRS 16 „Leases"

In February 2016, the IASB finalized IFRS 16, which essentially requires lessees to recognize all leases and the related contractual rights and duties in their balance sheet. Lessees no longer distinguish between finance leases and operating leases (IAS 17). The standard has not yet been endorsed by the EU and is effective for reporting periods beginning on or after 1 January 2019. Due to the minor importance of leases, only immaterial effects on the presentation of the Group's net assets, financial position and results of operation are expected.

Amendments to IAS 40 „Transfers of Investment Property"

The amendments essentially comprise clarifications regarding transfers to or from the portfolio of property held to earn rentals or for capital appreciation. The amendments are applicable for annual periods beginning on or after 1 January 2108. EU endorsement is still pending. As the standard is not relevant for DF Group, it will have no effects of these amendments on the presentation of the Group's net assets, financial position and results of operation.

IFRIC 22 „Foreign Currency Transactions and Advance Consideration"

IFRIC 22 clarifies what exchange rate is to be used for the first-time recognition of a foreign currency transaction in an entity's functional currency if the entity pays or receives advance consideration before the related asset, expense or income is recognized. The date of the transaction, for the purpose of determining the exchange rate, is the date of initial recognition of the non-monetary prepayment asset or deferred income liability. The interpretation is mandatory for financial years beginning on or after 1 January 2018. For the Group, it will have no effect on the presentation of the net assets, financial position and results of operation.

(3) Basis of consolidation, reporting date

The shareholdings of DF AG are shown below. DF GmbH was initially consolidated in the financial statements for the period ended 1 July 2016. DF Deutsche Forfait Americas Inc. was liquidated with effect from 9 March 2017. DF Deutsche Forfait (private) Ltd., Lahore, is currently inactive. In addition, DF Deutsche Forfait Middle East s.r.o., Prague/Czech Republic, was established as a wholly-owned subsidiary of DF AG.

Shareholding	Share in equity	Consolidation
DF Deutsche Forfait GmbH, Cologne	100%	fully consolidated
DF Deutsche Forfait s.r.o., Prague/Czech Republic	100%	fully consolidated
Deutsche Kapital Ltd., Dubai/UAE	100%	fully consolidated
DF Deutsche Forfait Middle East s.r.o., Prague/Czech Republic	100%	not consolidated

As in the previous period, the non-consolidated subsidiaries are of secondary importance for the interim consolidated financial statements as of 30 June 2017, both individually and collectively, and do not influence the true and fair view of the net assets, financial position and results of operation presented in the interim consolidated financial statements.

(4) Currency translation

The interim consolidated financial statements are prepared in euros, the functional currency of the company, pursuant to IAS 21 „The Effects of Changes in Foreign Exchange Rates".

Since the subsidiaries carry out their business autonomously in financial, economic and organizational terms, the functional currency is essentially identical to the company's local currency. Therefore, in the interim consolidated financial statements, the income and expenses from the financial statements of subsidiaries – which are prepared in a foreign currency – are translated into euros at the average rate; assets and liabilities are translated at the closing rate.

Exchange differences resulting from the translation of equity are recognized in equity in the form of an adjustment item from currency translation. The translation differences resulting from differing translation rates between the balance sheet and the statement of comprehensive income are recognized in other comprehensive income.

In the separate financial statements of DF Deutsche Forfait AG and its subsidiaries, foreign currency receivables and liabilities are valued at the cost of acquisition on accrual. Exchange gains and losses on the balance sheet date are shown in the income statement.

The exchange rates on which translation into euros is based correspond to the euro reference rates published by the European Central Bank and are as follows:

	Closing rate		Average rate	
	30-06-2017	31-12-2016	01-01 – 30-06-2017	01-01 – 30-06-2016
USD	1.1412	1.0541	1.0825	1.1053
Czech Koruna	26.1970	27.0210	26.7870	27.0440

II. NOTES TO THE INCOME STATEMENT

In the first half of 2017, the operating business was still of minor importance. As a result, the income statement essentially comprises income and expenses from the fair value measurement and other income and expenses relating to the sale of the creditor assets. The short financial year 2016 I was marked by the management of the insolvency, in particular the partial waiver on the part of the creditors, as well as the activities in connection with the liquidation of the receivables portfolio. Consequently, the figures of the two half-years are not fully comparable.

(5) Typical forfaiting income

Portfolio income earned in the period, trading income (the difference between amortized cost / fair value and the sales price of a receivable) and the positive effects from the fair value measurement of receivables of the trading and restructuring portfolios are recorded as forfaiting income. Commission income primarily results from purchase commitments and counter-guarantees. At the same time, DF Group income from loan agreements is recorded in typical forfaiting income.

Revenue breaks down as follows:

Typical forfaiting income in kEUR	**01-01 – 30-06-2017**	**01-01 – 30-06-2016**
Forfaiting income	2,502	824
Commission income	467	111
Income from additional interest charged	-	24
Exchange gains	1,242	1,907
Income from the reversal of provisions for forfaiting and purchase commitments	-	198
Total	**4,212**	**3,064**

Forfaiting income comprises income from the fair value measurement in the amount of EUR 2.5 million (prior period: EUR 0.3 million).

(6) Typical forfaiting expenses

Forfaiting expenses are incurred where the sales price realized is lower than the carrying amount and negative effects result from the fair value measurement.

Typical forfaiting expenses break down as follows:

Typical forfaiting expenses in kEUR	**01-01 – 30.06.2017**	**01-01 – 30-06-2016**
Forfaiting expenses	785	2,775
Commission expenses	10	58
Exchange losses	2,420	1,723
Value adjustments on receivables as well as additions to provisions for forfaiting and purchase commitments	-	549
Total	**3,215**	**5,105**

The forfaiting expenses resulted exclusively from the negative effect of the fair value measurement of the trading and restructuring portfolios.

(7) Balance of forfaiting income and expenses (gross result)

Gross result is the difference between typical forfaiting income and expenses.

Gross result in kEUR	**01-01 – 30-06-2017**	**01-01 – 30-06-2016**
Net forfaiting	1,717	(1,951)
Net commission	457	52
Result from additional interest charged	0	24
Result from exchange gains and losses	(1,177)	184
Net valuation in forfaiting business	0	(351)
Total result	**997**	**(2,042)**

(8) Other operating income

Other operating income breaks down as follows:

Other operating income in kEUR	**01-01 – 30-06-2017**	**01-01 – 30-06-2016**
Income from the fair value measurement of creditor liabilities	-	2,653
Income from the allocation of charges	163	31
income from fees for the sale of the creditor assets	38	-
Income from the allocation of charges	31	-
Income from written-off receivables / compensation / refunds	29	12
Income from offsetting non-cash benefits under the provision of motor vehicles	4	4
Income from the receivables waiver	-	41,613
Miscellaneous other operating income	9	10
Total	**274**	**44,323**

Income from the allocation of charges almost entirely relates to legal expenses incurred in conjunction with the sale of the creditor assets. As agreed, income from fees for the sale of the creditor assets has been generated only since 1 July 2016.

(9) Other operating expenses

Other operating expenses break down as follows:

Other operating expenses in kEUR	**01-01 – 30-06-2017**	**01-01 – 30-06-2016**
Legal and consultation fees, accounting expenses	768	4,260
Expenses for the fair value measurement of the creditor assets	138	-
Administrative expenses/ cooperation partners	59	138
Cost of premises	135	178
Investor relations, AGM	117	101
Travel expenses	61	56
Other taxes	75	18
Telephone, postage and web connection charges	22	26
Payment transaction fees	23	27
Insurance, fees, contributions	106	163
Vehicle costs	7	9
Miscellaneous other expenses	131	717
Total	**1,642**	**5,693**

Legal and consultation fees as well as accounting expenses mainly relate to consulting costs incurred in conjunction with the sale of the creditor assets, expenses for annual and quarterly audits as well as for tax advice.

Miscellaneous other expenses mainly include expenses for rights of use and IT equipment (kEUR 66, prior period: kEUR 61) and the compensation of the members of the Supervisory Board (kEUR 38, prior period: kEUR 51).

(10) Financial results

The financial results break down as follows:

Financial results in kEUR	**01-01 – 30-06-2017**	**01-01 – 30-06-2016**
Interest income from banks	-	-
Interest income from loans and receivables	-	126
Interest income from the discounting of liabilities	23	-
Total interest income	23	126
Interest expense payable to banks	2	67
- thereof from refinancing the forfaiting business	-	53
- thereof from interest on overdraft	2	14
Miscellaneous interest expenses	-	902
- thereof interest on bond	-	889
- thereof other interest	-	13
Total interest expense	2	969
Net interest = financial results	**21**	**(843)**

The reduction in miscellaneous interest expenses primarily results from the fact that no more interest has to be paid on the bond after the termination of the insolvency proceedings.

(11) Income tax

Tax receivables comprise income tax in the amount of kEUR 66 for the year 2015 (prior period: kEUR 64) as well as deferred taxes of kEUR 1,317 (prior year: kEUR 803). In the reporting period, deferred tax assets amounted to kEUR 344 (prior period: kEUR 0).

Deferred tax assets from temporary differences may not be recognized if it is not sufficiently probable that taxable results will be available against which the deductible temporary differences can be utilized (IAS 12.27). Deferred tax assets resulting from losses carried forward are recognized in the income statement (IAS 12.56) to the extent that temporary differences in the same amount are available against which the unused tax losses can be utilized. The loss posted by the Group for the period from 1 January to 30 June 2017 essentially results from start-up losses of DF Deutsche Forfait GmbH, an operating entity to which the operating activities of DF AG were transferred with retroactive effect from 31 December 2015. Deferred tax assets have been recognized in the income statement for the loss-carryforwards that existed in the reporting period (IAS 12.56), as management assumes that taxable income in the same amount will be available in future against which the unused tax losses can be utilized.

As a precaution, DF AG recognized a tax liability (kEUR 350) on the restructuring profit in the reporting period, as the City of Cologne has denied the tax advantage.

III. NOTES TO THE BALANCE SHEET

(12) Trade receivables

Trade receivables comprise receivables recognized at fair value from forfaiting transactions of DF GmbH concluded in Q2 2017 in the amount of kEUR 579 (prior year: kEUR 0) as well as a receivable from the passing on of sales proceeds in the amount of kEUR 453 (prior year: kEUR 0).

(13) Cash and cash equivalents

Cash and cash equivalents amounted to kEUR 14,846 (prior period: kEUR 10,158) and related to bank deposits with a maturity of up to three months. The increase by kEUR 4,688 is primarily attributable to payments from a debt collection that were received prior to the reporting date and paid out only in July, i.e. after the reporting date.

(14) Equity

Changes in the equity of DF Group are reported in the statement of changes in equity.

The share capital of the Group is fully paid in and amounted to EUR 11,887,483 as of the balance sheet date (prior year: EUR 11,887,483). It continues to be divided into 11,887,483 no-par registered shares. For more information on equity, please refer to the notes to the consolidated financial statements for the short financial year from 2 July 2016 to 31 December 2016.

(15) Trade accounts payable

The increase in trade accounts payable from kEUR 902 as of 31 December 2016 to kEUR 7,598 as of 30 June 2017 is attributable to the obligation to pass on payments received.

(16) Creditor assets and creditor liabilities

The **creditor assets** comprise the full estate of the company. The distributable estate essentially consists of receivables from forfaiting business prior to the insolvency, comprising the trading and restructuring portfolios, and is composed as follows:

Creditor assets in kEUR	30-06-2017	31-12-2016
Restructuring portfolio	13,427	13,152
Trading portfolio	843	4,590
Bank balances	5,201	468
	19,471	**18,210**

The trading portfolio relates to receivables from current forfaiting transactions up to the opening of the insolvency proceedings. The restructuring portfolio is composed of overdue and pending claims against various debtors dating from the time before the company's listing on the SDN list (List of Specially Designated Nationals and Blocked Persons) of the US Office of Foreign Assets Control. The moderate increase in the restructuring portfolio results from the opposite developments of sales and fair value adjustments on the one hand and the receivable taken over from an investor under a settlement agreement on the other hand. The reduction in the trading portfolio is essentially attributable to the sale of the trade receivables.

The **creditor liabilities** are liabilities filed with the insolvency table. The liabilities are composed as follows:

Creditor liabilities in kEUR	30-06-2017	31-12-2016
Liabilities to banks	13,558	13,558
Bonds	11,412	11,412
Current provisions	1,305	1,305
Trade accounts payable	7,265	1,031
Other current debt	173	207
Payout to the trustee	(5,076)	-
	28,637	27,513
Carryforward of the fair value measurement of the creditor liabilities from the prior year	(9,303)	(2,653)
Expenses/income from the fair value measurement of the creditor liabilities	137	(6,650)
	19,471	**18,210**

The value of the liabilities to banks results from the partial waiver declared in the context of the insolvency plan, taking into account the banks` senior position laid down in the collateral realization agreement („Sicherheitenverwertungsabrede") in the short financial year 2016 II.

The bonds reflect the bondholders' partial waiver under the insolvency plan.

Current provisions include expected legal expenses in the amount of kEUR 1,022.

The increase in trade accounts payable is related to a settlement agreement signed with an investor in the reporting period.

Other liabilities essentially comprise legal counsel costs.

In Q2 2017, the trustee paid out an amount of kEUR 2,181 to the creditors. Including expenses of kEUR 2,895 that resulted from the insolvency proceedings and were prefinanced by DF AG, the creditor liabilities declined by kEUR 5,076.

The valuation of the creditor liabilities at amortized cost results in a total value of kEUR 28,637 (prior year: kEUR 27,513), which exceeds the fair value of the creditor assets. According to the insolvency plan, the liabilities that remain after the creditors' partial waiver will be settled exclusively to the extent that, and at such times when, DF Group's assets existing at the time of the official adoption of the insolvency plan are liquidated. Under the regulations of the insolvency plan, all opportunities and risks resulting from the liquidation of the creditor assets thus pass to the creditors. This means that the creditor liabilities may at no time exceed the creditor assets. To avoid an accounting mismatch, the creditor liabilities are recognized at the fair value resulting from the change in the value of the assets (IAS 39.9b). In the reporting period, this resulted in a change in value through profit/loss in the amount of kEUR 137 (short financial year 2016 I: kEUR 2,653; short financial year 2016 II: kEUR 6,650).

IV. OTHER INFORMATION

(17) Relationships with related parties

As in the prior period, DF Group is affected by the disclosure requirements of IAS 24 solely in terms of business with entities with a significant influence as well as with members of managers in key positions (Board of Management and Supervisory Board) of DF Deutsche Forfait AG. The Board of Management, the Supervisory Board and non-consolidated subsidiaries are considered to be related parties as at the balance sheet date. Due to his share ownership, Dr. Manzouri is a person with substantial influence. No business relationships were maintained with Dr. Manzouri in the first half of 2017.

Business relationships with the non-consolidated subsidiaries were negligible in the reporting period.

(18) Adjusting events after the end of the reporting period

The ordinary Annual General Meeting for the short financial year 2016 II from 2 July 2016 to 31 December 2016 was held on 11 July 2017. All items on the agenda were resolved as proposed.

No other extraordinary events occurred after the reporting date on 30 June 2017.

Grünwald, 28 August 2017

The Board of Management

REVIEW REPORT

To DF Deutsche Forfait AG, Grünwald

We have reviewed the condensed interim consolidated financial statements – comprising the condensed balance sheet, condensed income statement, condensed statement of comprehensive income, condensed cash flow statement, condensed statement of changes in equity and selected explanatory notes – and the interim Group management report of DF Deutsche Forfait AG, Grünwald, for the period from 1 January 2017 to 30 June 2017, which are part of the interim financial report pursuant to section 37w of the German Securities Trading Act (WpHG). The preparation of the condensed interim consolidated financial statements in accordance with the IFRS applicable to interim financial reporting as adopted by the EU and of the interim Group management report in accordance with the requirements of the German Securities Trading Act applicable to interim group management reports, is the responsibility of the company's management. Our responsibility is to issue a report on the condensed interim consolidated financial statements and on the interim Group management report based on our review.

We completed our review of the condensed interim consolidated financial statements and the interim Group management report based on German principles for financial reporting review engagements established by the IDW („Institut der Wirtschaftsprüfer", German institute of auditors). According to these principles, a review engagement must be planned and carried out so that, based on a critical appraisal, we can be reasonably certain that the condensed interim consolidated financial statements comply with the IFRS principles for interim reporting as they apply to the EU in all material respects and that the interim Group management report complies with the WpHG (German Securities Trading Act) regulations as they apply to interim group management reports in all material respects. A review engagement is mainly limited to interviews with company employees and an analytical evaluation, which means it does not result in the same level of certainty attained by an audit. Since we were not engaged to complete an audit, we are not issuing an audit opinion.

During our review engagement, we did not become aware of any information that would indicate that the condensed interim consolidated financial statements of DF Deutsche Forfait AG, Grünwald, do not comply with the IFRS principles for interim reporting as they apply to the EU in all material respects or that the interim Group management report does not comply with the WpHG (German Securities Trading Act) regulations as they apply to interim group management reports in all material respects.

Without qualifying this opinion, we refer to the interim Group management report. In section 3, „Opportunity and risk report b) Going concern risks", the report states that, with the insolvency proceedings having been terminated, DF Group is exposed to a going concern risk if DF Group is unable, within the next one and a half years, to achieve a business volume that is sufficient to cover DF Group's operating expenses. To achieve this, DF Group must not only have sufficient refinancing capacities but also write sufficient new business, find the corresponding buyers for these transactions on the buyer side and execute the transactions at a margin that is risk-adequate at the bottom line (on average). These objectives may be missed – fully or partly – if DF Group is no longer accepted in the market because of its reduced market presence in the past three years and the insolvency proceedings and/or does not have the refinancing resources that are required to execute the new business it has written or if the cooperation with Saman Bank fails to result in the expected business volume. In the extreme case, this may even lead to individual or all companies of DF Group becoming unable to meet their payment obligations. In the Group management report, the Board of Management additionally states that the uncertainty about when and if this goal will be reached has rather increased due to the low new business generated in the first half of 2017.

Munich, 28 August 2017

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Wirtschaftsprüfungsgesellschaft

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